Industries registering growth in export

†2166. SHRI RAVI SHANKAR PRASAD:
SHRI SHIVANAND TIWARI:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that export in some industries in the country has increased as compared to last few years despite the negative impact of national economic slowdown during the financial year 2008-09;

(b) if so, the names of such industries in the country and the growth rate registered in exports in each of these industries compared to last year; and

(c) the relief packages announced by the Government during the said year to promote export in these industries?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) Exports of Major Principal commodities along with their growth rates for the last three years and the current year in dollar terms, are given in Statement-I (*See* below). To arrest the decline in exports, the Government/RBI announced stimulus packages including the announcements made in the Budget 2009-10 are given in Statement-II (*See* below) and in the Foreign Trade Policy (FTP) 2009-14 to provide support, particularly, to promote employment intensive sectors. Details of FTP 2009-14, have been laid in Parliament and are available in website *http://dgft.gov.in*.

Statement-I

Details of Export of Major Principal Commodities

(A) Exports* (in value terms) of Major Principal Commodities (item-wise and year-wise) during the last three years

Sl. No.	Commodities	Value in US $ million			% growth in 2008-09 over 2007-08
		2006-07	2007-08	2008-09	
1	2	3	4	5	6
1.	Tea	434	507	585	15.38
2.	Coffee	435	464	496	6.90
3.	Rice	1557	2927	2454	-16.16
4.	Tobacco	372	480	751	56.46
5.	Spices	699	1045	1392	33.21
6.	Cashew	550	549	639	16.39
7.	Oil Meals	1226	2038	2252	10.50
8.	Fruits and Vegetables	800	876	1106	26.26

†Original notice of the question was received in Hindi.

1	2	3	4	5	6
9.	Marine Products	1767	1723	1534	-10.97
10.	Iron Ore	3919	5836	4769	-18.28
11.	Mica, Coal and other Ores Minerals including Processed Minerals	3108	3309	3128	-5.47
12.	Leather and Leather Manufacture	2933	3400	3495	2.79
13.	Gems and Jewellery	15984	19692	28411	44.28
14.	Drug, Phrmcutes and Fine Chemicals	5951	7652	8789	14.86
15.	Other Basic Chemicals	5017	6302	6920	9.81
16.	Engineering Goods	26506	33737	40487	20.01
17.	Electronic Goods	2855	3354	6826	103.52
18.	Computer Software	85	148	341	130.41
19.	Cotton Yarn/Fabs./ made-ups. Etc.	4218	4653	4162	-10.55
20.	Manmade Yarn/Fabs./ made-ups. Etc.	2206	2902	3054	5.24
21.	RMG of all Textiles	8901	9687	10931	12.84
22.	Jute Manufacturing including Floor covering	259	327	304	-7.03
23.	Carpet	928	945	784	-17.04
24.	Handicrafts excluding hand made Carpet	437	509	303	-40.47
25.	Petroleum Products	18635	28413	27547	-3.05
26.	Plastic and Linoleum	3253	3422	3050	-10.87
	SUB TOTAL:	113034	144895	164511	13.54
	GRAND TOTAL:	126414	163132	185295	13.59

(Source: DGCI&S)

Note: 2008-09 data includes exports from SEZ, whereas 2006-07 and 2007-08 data excludes SEZ, except SEEPZ Manikanchan and Falta.

(B) Quick estimates of exports of October '09 and April-October '09 for major principal commodities

Sl. No.	Commodities	Value in US $ million				% change	
		October, 08**	April-October, 08**	October, 09**	April-October, 09**	October, 09**	April-October, 09**
1	2	3	4	5	6	7	8
1.	Tea	53	369	50	248	-7.0	-32.9
2.	Coffee	34	329	30	297	-13.5	-9.6
3.	Rice	105	1525	89	1459	-15.3	-4.3
4.	Tobacco	63	451	98	544	55.4	20.5
5.	Spices	110	885	129	689	18.2	-22.1
6.	Cashew	49	422	59	330	20.6	-21.9
7.	Oil Meals	114	1250	137	785	19.8	-37.1
8.	Fruits and Vegetables	78	607	82	641	4.8	5.7
9.	Marine Products	197	968	205	958	3.7	-1.1
10.	Iron Ore@	90	2624	315	2102	250.6	-19.9
11.	Mica, Coal and other Ores Minerals including Processed Minerals	249	2189	192	1636	-22.8	-25.3
12.	Leather and Leather Manufacture	253	2213	218	1657	-13.8	-25.1
13.	Gems and Jewellery	2319	19706	1929	14449	-16.8	-26.7
14.	Drug, Phrmcutes and Fine Chemicals	669	5064	731	4607	9.3	-9.0
15.	Other Basic Chemicals	639	4647	556	3488	-13.0	-25.0
16.	Engineering Goods	3109	26324	2654	18407	-14.7	-30.1
17.	Electronic Goods	628	4258	565	3026	-9.9	-28.9
18.	Computer Software#	23	221	1	103	-94.0	-53.4
19.	Cotton Yarn/Fabs./ made-ups. Etc.	351	2708	317	1932	-9.7	-28.7
20.	Manmade Yarn/Fabs./ made-ups. Etc.	274	1961	267	1985	-2.4	1.2

1	2	3	4	5	6	7	8
21.	RMG of all Textiles	732	6155	603	5579	-17.5	-9.4
22.	Jute Manufacturing including Floor covering	24	209	16	128	-32.3	-38.9
23.	Carpet	67	505	53	360	-21.3	-28.6
24.	Handicrafts excluding hand made Carpet	30	197	27	144	-8.5	-26.6
25.	Petroleum Products	2124	20845	2289	12938	7.8	-37.9
26.	Plastic and Linoleum	264	2095	299	1705	13.2	-18.6
	SUB TOTAL:	12648	108725	11913	80196	-5.8	
	GRAND TOTAL:	14131	123038	13193	91048	-6.6	-26.0

#Excludes exports through satellite transmission and off-shore development.

*: The figures for October, 09, April-October, 09 are provisional and subject to change.

**:The figures for October, 08. April-October, 08 includes late receipt of data.

@: High values of export of Iron Ore reported in EDI data (October, 09) of Kolkata Sea, Chennai Sea, Vizac Sea, New Mangalore Sea and Marmagoa Sea to China.

Statement-II

Steps taken by Government/RBI to address the concerns arising out of Global economic slowdown

Government announced a number of Stimulus packages, including the measures taken by RBI on the fiscal front since last quarter 2008 and the announcements made in the Budget 2009-10, to address the immediate impact of the Global economic slowdown and its impact on Indian economy. The Government and the RBI are closely monitoring the economic developments in the country and internationally. Measures taken by the Government constituted substantial counter-cyclical stimulus during the last one year. Broadly the announcements were.

(A) Measures taken by the Government:

(1) Interest subvention of 2% provided till 30.09.2009, has been extended upto 31.3.2010, to the following labour intensive sectors for exports:—

Textiles (including Handlooms), Handicrafts, Carpets, Leather, Gems and Jewellery, Marine Products and SMEs;

(2) Additional funds of Rs 350 crore provided (in December, 2008) for Handicraft items etc. in Vishesh Krishi and Gram Udyog Yojana (VKGUY);

(3) Market Linked Focus Product Scheme extended for bicycle parts, Motor Cars and

Motor Cycles, Apparels and Clothing accessories, Auto Components etc. for exports from 1.4.09 to 30.09.09;

(4) Rs. 1100 crore provided to ensure full refund of pending claims of CST/Terminal Excise duty/Duty drawback on deemed exports;

(5) Exporter friendly and the popular Duty Neutralisation Scheme *i.e.*, Duty Entitlement Passbook (DEPB) Scheme extended upto 31st December, 2010;

(6) DEPB rates for all items where they were reduced in November, 2008, restored to higher rates from retrospective effect;

(7) Duty Drawback rates on certain items restored to higher rates effective from 1st September, 2008;

(8) DEPB and Freely Transferable Incentive Schemes allowed without the initial requirement of Bank Realisation Certificate (BRC);

(9) Export Obligation Period under Advance authorization Scheme enhanced from 24 months to 36 months without payment of composition fee;

(10) Back-up guarantee made available to ECGC to the extent of Rs 350 crore to enable it to provide guarantees for exports to difficult markets/products. ECGC is now been able to widen its coverage;

(11) Additional funds of Rs. 1400 crore provided to the Ministry of Textiles to clear the backlog claims of textile units under Technology Upgradation Fund (TUF);

(12) MDA Scheme-allocation increased to Rs. 124 crores (increased by 148%);

(13) Additional items allowed within the existing duty free imports entitlement for the following employment oriented sectors:—

(i) 5 additional items for sports goods sector;

(ii) Additional items for leather garments and footwear and textile items.

(14) Fringe Benefit Tax (FBT) abolished;

(15) Section 10A and 10B related to Sunset clauses for STPI and EOUs schemes respectively extended for the financial year 2010-2011. Anomaly removed in Section 10AA related to taxation benefit of unit *vis-*□*-vis* assessee;

(16) Export duty on iron ore fines eliminated, and for lumps, reduced to 5%;

(17) Some pending issues relating to Service Tax refund on exports—resolved. Some of these are:—

(i) Exemption from Service tax on services linked to exports:—

(a) On service related to transport of export goods by road form any CFS or ICD to the port or Airport and on service related to transport of export goods by road directly from their place of removal, to an ICD, a CFS, a port or airport;

(b) Services provided by Foreign Agent Commission service.

(ii) Procedure for refund of service tax simplified by allowing refund on self certification in case refund claim does not exceed 0.25% of FOB value of exports; and certification by Chartered Accountant in case of others;

(iii) Time period for filing refund claim increased to 1 year from the date of export (as against half-yearly).

(18) For Fast Track Resolution of a number of procedural issues thereby reducing delays for the exporters, a Committee constituted under the Chairmanship of Finance Secretary including Secretaries of Department of Revenue and Commerce; A number of issues sorted out accordingly;

(19) Excise duty reduced across the board by 4 per cent, for all products except petroleum products and those products where current rate was less than 4%. Excise Duty was further reduced by another 2% in certain products like Leather etc.;

(20) The guarantee cover under Credit Guarantee Scheme for Micro arid Small Enterprises on loans doubled to Rs. 1 crore, with a guarantee cover of 50%. The guarantee cover extended by Credit Guarantee Fund Trust increased to 85% for credit facility upto Rs. 5 lakh. The lock-in period for such collateral-free loans reduced.

(21) An Adjustment Assistance Scheme initiated in December, 08 to provide enhanced ECGC cover at 95% to the badly hit sectors, continued till March, 2010;

(22) To protect the domestic manufacturing industry from dumped/cheap imports, in particular, from China, import restrictions have been imposed on HR coil, Carbon Black, Polyester Filament Yarn (PFY) and Radial Tyres (Bus and Trucks);

(23) Mega Handloom clusters in West Bengal and Tamil Nadu and Powerloom cluster in Rajasthan and New Mega clusters for carpets in Srinagar and Mirzapur approved;

(24) Basic customs duty of 5% on Rough/Unworked corals abolished;

(25) Import duty on naphtha for power sector eliminated;

(26) CVD on TMT bars and structurals and on cement removed;

(27) Exemption from basic customs duty on Zinc and Ferro Alloys withdrawn;

(28) Regular monitoring mechanism:—

(a) The situation is being regularly monitored at the highest level of Government, so that immediate further corrective measures, can be taken as may be required. In this regard, the Government has constituted the following two High Level Committees which have been deliberating the issue on regular basis:—

(i) An Apex Group chaired by Prime Minister with Finance Minister, Commerce Minister, Deputy Chairman (Planning Commission), RBI Governor;

(ii) Committee of officers chaired by Cabinet Secretary, including Finance Secretary, Commerce Secretary, Secretary (DIPP), Secretary (Planning Commission)- to meet regularly to look into the suggestions made by Trade and Industry and the respective Administrative Ministries in respect of the current global economic and financial crisis and to recommend action to the Apex Group.

(b) Department of MSME and Department of Financial Services to jointly monitor on the progress of the meetings of Monthly meeting of State level Bankers' Committee for resolution of credit issues of MSME.

(B) Measures taken by RBI:

I. Increase in Liquidity to the banks for improving credit flow, by:—

(i) Reducing CRR, SLR, Repo rate and Reverse Repo rate (from October '08, CRR reduced from 9% to 5%, SLR reduced from 25% to 24% (now restored to 25% in (October '09), Repo Rate reduced from 7.5% to 4.75% and Reverse Repo Rate reduced from 6% to 3.25%);

(ii) Refinance facility to the EXIM Bank for an amount of Rs. 5000 crores for providing pre-shipment and post-shipment credit in Rs. or dollars;

(iii) A special re-finance facility has been put in place for banks for the purpose of extending finance to exports; micro and small enterprises, mutual funds and NBFCs. Provisioning requirements have been lowered. Export Credit Refinance facility for commercial banks increased to 50% of the outstanding Rupee Export Credit.

II. Increase in FOREX Liquidity:—

(i) RBIs assurance for continued selling of foreign exchange (US $) through banks, to augment supply in the domestic foreign exchange market;

(ii) To enable banks to profitably lend to exporters in Foreign Exchange, Ceiling rates on export credit in foreign currency has been raised to LIBOR + 350 basis points, subject to the condition that the banks will not levy any other charges, *i.e.*, service charge, management charge, etc. except for recovery towards out of pocket expenses incurred.

III. Easing of Credit Terms:

(i) The period of pre-shipment and post-shipment Rupee Export Credit enhanced by 90 days each;

(ii) Time period of export realization for non-status holder exporters increased to 12 months, at par with the Status holders. This facility which was available upto 03.06.09, has been extended for one more year;

(iii) PSU Banks, consequent to measures announced by RBI, reduced the margin money on Guarantees for export units.

Issue of 'country of origin' in ASEAN agreement

2167. SHRI SANTOSH BAGRODIA:
SHRI GIREESH KUMAR SANGHI:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the salient features of the recent Free Trade Agreement (FTA) with Association of South East Asian Nations (ASEAN);

(b) whether the issue of 'country of origin' has been addressed in the agreement considering that the countries of ASEAN could be having similar FTA with third trading entity; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) India and ASEAN have signed the Trade in Goods Agreement on 13th August, 2009 which is envisaged to come into force with effect from 1st January, 2010. The Agreement provides for exchange of tariff concessions by India and ASEAN countries during 01.01.2010 and 31.12.2024. Details are available at *http://commerce.gov.in/trade/international_ta_indasean.asp*.

(b) and (c) Yes, Sir. The Rules of Origin have been incorporated in the India — ASEAN Trade in Goods Agreement. As per these Rules, a product shall be deemed to be originating in a country if: (i) the ASEAN — India Free Trade Agreement (AIFTA) content is not less than 35 per cent of the Free on Board (FOB) value; and (ii) the non-originating materials have undergone at least a Change in Tariff Sub-Heading (CTSH) level of the Harmonized System, provided that the final process of the manufacture is performed within the territory of the exporting Party. The Rules also ensure that a product shall not be eligible for tariff concessions if only minimal operations such as packaging, labeling, washing, cutting, etc. are undertaken.

Impact of FTAs on domestic tea producers

2168. SHRI TIRUCHI SIVA:
SHRI SANTOSH BAGRODIA:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Tea Board considered the impact of recent Free Trade Agreements (FTAs) on the domestic tea producers;

(b) whether the Board also considered the issue of 'country of origin' as few partners of the FTA could be having free trade agreements with any third trading entity;